

Chesaning Union Schools

Chesaning, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2008

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Chesaning Union Schools
Members of the Board of Education and Administration
June 30, 2008

Members of the Board of Education

Jennie Carlton - President

David Eickholt - Vice President

Kathy Wasmiller - Secretary

Duane Ferry - Treasurer

Kent Schubert - Trustee

Denise Edgar - Trustee

Kevin Fesler - Trustee

Administration

Kathy Stewart - Superintendent

Independent Auditors' Report

To the Board of Education
Chesaning Union Schools
Chesaning, MI

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Chesaning Union Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chesaning Union Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chesaning Union Schools as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 2008, on our consideration of the Chesaning Union Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chesaning Union Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

Saginaw, MI
October 8, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

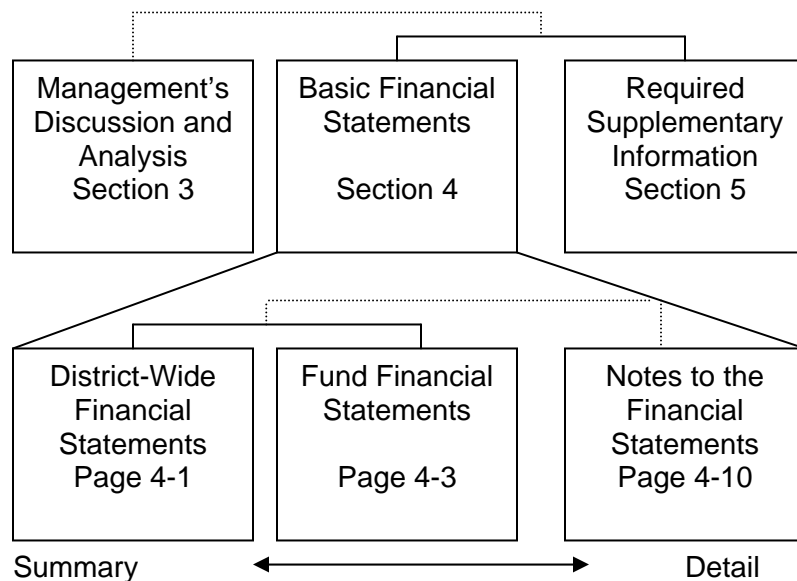
Chesaning Union Schools

Management's Discussion and Analysis

For the Year Ended June 30, 2008

This report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 issued in June of 2000. The overall organization of this report is shown in Figure A-1.

Figure A-1
Chesaning Union Schools
Organization of Annual Financial Report



District –Wide Financial Statements

The district-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two district-wide statements: The Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets (page 4-1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-2) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various district services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Chesaning Union Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Chesaning Union Schools include Debt Funds, Fiduciary Funds and Special Revenue Funds for food service and athletic activities.

Chesaning Union Schools is the trustee, or fiduciary, for its student activity funds and for a number of scholarships established for the benefit of our students. These fiduciary activities are reported in separate statements of fiduciary net assets. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the District as a Whole

Summary of Net Assets

	2008 Governmental Activities	2007 Governmental Activities
Assets		
Current Assets	\$ 6,551,235	\$ 5,793,265
Capital Assets	25,065,450	24,826,928
Less accumulated depreciation	(11,511,212)	(10,872,357)
Capital Assets, net book value	<u>13,554,238</u>	<u>13,954,571</u>
Total Assets	<u>20,105,473</u>	<u>19,747,836</u>
Liabilities		
Current Liabilities	2,717,847	2,172,264
Long-term Liabilities	5,446,036	6,929,676
Total Liabilities	<u>8,163,883</u>	<u>9,101,940</u>
Net Assets		
Total Capital Assets, net of related debt	8,455,042	7,362,407
Restricted	398,658	371,832
Unrestricted	3,087,890	2,911,657
Total Net Assets	<u>\$ 11,941,590</u>	<u>\$ 10,645,896</u>

Unrestricted net assets are similar but not identical to fund balance. Reserves for grants and deferred gifts within the fund balance are treated as restricted net assets since they are not available for general operations. A reconciliation of the difference between increased net assets and an increase in fund balance is on page 4-7.

Net assets for the District increased by \$1,295,694 during the 2007/08 year. The *Statement of Net Assets from Operating Results* (below) shows the details of this change.

Chesaning Union Schools

Management's Discussion and Analysis

For the Year Ended June 30, 2008

Statement of Net Assets from Operating Results

	2008 Governmental Activities	2007 Governmental Activities
Revenues		
Program revenues		
Charges for services	\$ 690,974	\$ 672,925
Operating grants and contributions	1,493,126	1,545,916
General revenues		
Property taxes	2,692,173	2,565,323
State foundation allowance	12,546,519	12,752,205
Other	245,508	204,636
Total revenues	<u>17,668,300</u>	<u>17,741,005</u>
Expenses		
Instruction	10,029,835	10,178,722
Support services	5,042,886	5,392,086
Food services	644,409	543,821
Athletics	341,849	416,315
Other transactions	313,627	350,780
Total expenses	<u>16,372,606</u>	<u>16,881,724</u>
Increase in net assets	<u>\$ 1,295,694</u>	<u>\$ 859,281</u>

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of \$3,867,548, which is an increase of \$212,559 from last year. The primary reasons for the increase are:

- In the General Fund, our principal operating fund, the fund balance increased by \$358,707. The increase is primarily due to careful spending and bleacher replacement scheduled for July of 2008.
- The fund balance of our Food Service Fund increased by \$37,124 and because the budgeted updates to our

Food Service facilities and equipment did not occur until 2008-09.

- The Debt Service Fund showed an increase of \$26,826. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond-issue related debt service. The fund balance of the Debt Service is reserved since it can only be used for future debt service obligations.
- The Athletics Fund had no ending fund balance as its expenditures are subsidized by General Fund revenues. Reduction of the Athletic Director lowered expenditures necessary for General Fund to subsidize.
- The Capital Project Fund had a fund balance of \$91,686, which is reserved for the pool reconstruction project. The Capital Project Fund had a decrease of \$210,098 in fund balance since 2006-07. The fund balance has been used for the completion of the pool project.

Approximately 74% of the District's revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 75 percent of the current year's fall count and 25 percent of the prior year's winter count.
3. The amount raised by the District's non-homestead property tax levy.

**Chesaning Union Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Chesaning Union Schools' foundation allowance was \$7,204 per student.

Student Enrollment

The District's blended student enrollment for 2007/08 was 1,858 students. This is a decline of 44 students from the previous year. The following summarizes blended student enrollment in the past five years:

Enrollment History

School Year	Student FTE	FTE Change from Prior Year
2007/08	1,858	(44)
2006/07	1,902	(60)
2005/06	1,963	(58)
2004/05	2,020	(36)
2003/04	2,056	(13)

Preliminary student enrollment projections for 2008/09 indicate that enrollments are likely to decline from 2007/08.

Property Taxes Levied for General Operations

The District levied 18.0000 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of

the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the current year local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

	Local Property Tax Revenue	% of General Fund Revenue
2007/08	\$ 961,330	6.3%
2006/07	906,488	5.9%
2005/06	870,254	5.6%
2004/05	834,337	5.4%
2003/04	796,669	5.2%

Local revenues in the table include the receipt of delinquent taxes from prior years. For the fiscal year ending June 30, 2008, the District had collected all of the current year property taxes.

Capital Assets

At June 30, 2008, the District had \$25,065,450 invested in capital assets including land, buildings, furniture, and equipment. The increase in capital assets is in part due to the purchase of an off-lease bus.

**Chesaning Union Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Capital Assets	2008	2007
Land	\$ 50,000	\$ 50,000
Buildings and improvements	23,021,226	21,243,664
Buses and other vehicles	1,267,076	1,267,076
Furniture and equipment	727,148	727,148
Construction in progress	-	1,539,040
Subtotal	25,065,450	24,826,928
Less accumulated depreciation	(11,511,212)	(10,872,357)
	<u>\$ 13,554,238</u>	<u>\$ 13,954,571</u>

Long-Term Debt

The long-term debt obligations for the District decreased from 2006-07 to 2007-08 with the payments for the debt funds. Over the 2007-08 fiscal year the long-term debt obligations decreased from \$6,642,539 to \$5,139,067 as follows:

	<u>Principal</u>	<u>Activity</u>	<u>Principal</u>
Long-term obligations			
Government obligation bonds	\$ 6,370,000	\$ (1,480,000)	\$ 4,890,000
Bus loan	99,257	(23,472)	75,785
Durant Bond	<u>173,282</u>	<u>-</u>	<u>173,282</u>
	<u>\$ 6,642,539</u>	<u>\$ (1,503,472)</u>	<u>\$ 5,139,067</u>

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2007/08 was approved on June 18, 2007 and amended June 16, 2008.

General Fund Revenues

Total Revenues Revised Budget	\$ 15,020,495
Total Revenues Original Budget	<u>14,757,965</u>
	<u>\$ 262,530</u>

The District's actual general fund revenues were more than the revised budget by \$79,585, a variance of 0.5%.

Some of the significant revenue budget adjustments for the year include:

- A higher property valuation after the preliminary budget was passed resulted in high operating tax collections.
- The transfer of balance of drivers' education funds from internal accounts to GF.
- Less decline in enrollment than originally projected.

General Fund Expenditures

Total Expenditures Revised Budget	\$ 14,702,565
Total Expenditures Original Budget	<u>14,802,110</u>
	<u>\$ (99,545)</u>

The District's actual general fund expenditures were less than the revised budget by \$191,796, a variance of 1.3%.

Some of the significant expenditure budget adjustments for the year include:

- Decrease in MSPERS percentage
- Elimination of the Tech Director position and replacement with SISD Contract Services
- Correct placement of Pool operating expenditures

Chesaning Union Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Economic Factors and Next Year's Budget and Rates

Since most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in late September, State law requires the District to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Similar reductions remain a possibility for 2008/09 if state revenues fall short of the projections on which the State Aid Act was based.

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to the Business Office, Chesaning Union Schools, P.O. Box 95, Chesaning, Michigan 48616.

BASIC FINANCIAL STATEMENTS

Chesaning Union Schools
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Cash	\$ 3,524,824
Accounts receivable	33,326
Due from other governmental units	2,825,458
Investments	131,517
Prepaid items	1,270
Other assets	34,840
Capital assets not being depreciated	50,000
Capital assets - net of accumulated depreciation	<u>13,504,238</u>
Total assets	<u>20,105,473</u>
 Liabilities	
Accounts payable	30,026
State aid anticipation note payable	1,000,000
Accrued expenditures	369,060
Accrued salaries payable	1,177,699
Deferred revenue	141,062
Noncurrent liabilities	
Due within one year	1,697,350
Due in more than one year	<u>3,748,686</u>
Total liabilities	<u>8,163,883</u>
 Net assets	
Invested in capital assets, net of related debt	8,455,042
Restricted for:	
Debt service	398,658
Unrestricted	<u>3,087,890</u>
Total net assets	<u>\$ 11,941,590</u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Statement of Activities
For the Year Ended June 30, 2008

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Functions/Programs				
Governmental activities				
Instruction	\$ 10,029,835	\$ 206,773	\$ 513,474	\$ (9,309,588)
Supporting services	5,042,886	28,426	596,216	(4,418,244)
Food services	644,409	322,737	383,436	61,764
Athletic activities	341,849	77,110	-	(264,739)
Community services	64,128	55,928	-	(8,200)
Interest on long-term debt	249,499	-	-	(249,499)
	<u>\$ 16,372,606</u>	<u>\$ 690,974</u>	<u>\$ 1,493,126</u>	<u>(14,188,506)</u>
General revenues				
Property taxes, levied for general purposes				961,330
Property taxes, levied for debt service				1,730,843
State aid - unrestricted				12,546,519
Interest and investment earnings				139,639
Gain on sale of capital assets				200
Other				<u>105,669</u>
				<u>15,484,200</u>
				1,295,694
				<u>10,645,896</u>
				<u>\$ 11,941,590</u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Governmental Funds
Balance Sheet
June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 2,577,236	\$ 947,588	\$ 3,524,824
Accounts receivable	28,669	4,657	33,326
Due from other funds	154,739	366	155,105
Due from other governmental units	2,825,458	-	2,825,458
Investments	131,517	-	131,517
Prepaid items	1,106	164	1,270
Total assets	\$ 5,718,725	\$ 952,775	\$ 6,671,500
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 29,802	\$ 224	\$ 30,026
State aid anticipation note payable	1,000,000	-	1,000,000
Due to other funds	366	154,739	155,105
Accrued expenditures	298,932	1,128	300,060
Accrued salaries payable	1,177,533	166	1,177,699
Deferred revenue	141,062	-	141,062
Total liabilities	2,647,695	156,257	2,803,952
Fund balance			
Reserved for prepaid items	1,106	164	1,270
Reserved for debt service	-	398,658	398,658
Designated for capital improvements	161,600	138,000	299,600
Other undesignated	2,908,324	259,696	3,168,020
Total fund balance	3,071,030	796,518	3,867,548
Total liabilities and fund balance	\$ 5,718,725	\$ 952,775	\$ 6,671,500

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2008

Total fund balances for governmental funds \$ 3,867,548

Total net assets for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	50,000
Capital assets - net of accumulated depreciation	13,504,238

Other long-term assets are not deferred in the governmental funds.	34,840
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Certain liabilities are not due and payable in the current period and are not reported in the funds.

Accrued interest	(69,000)
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Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Compensated absences	(284,000)
Bonds payable	(5,058,251)
Other loans payable and liabilities	(75,785)
Arbitrage rebate	<u>(28,000)</u>

Net assets of governmental activities \$ 11,941,590

Chesaning Union Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 1,339,535	\$ 2,184,584	\$ 3,524,119
State sources	12,953,294	54,755	13,008,049
Federal sources	669,295	328,681	997,976
Interdistrict sources	137,956	-	137,956
 Total revenues	 <u>15,100,080</u>	 <u>2,568,020</u>	 <u>17,668,100</u>
Expenditures			
Current			
Education			
Instruction	9,481,444	-	9,481,444
Supporting services	4,803,960	-	4,803,960
Food services	-	617,920	617,920
Athletic activities	-	341,849	341,849
Community services	64,128	-	64,128
Capital outlay	137,761	255,715	393,476
Debt service			
Principal	23,476	1,480,000	1,503,476
Interest and other expenditures	-	249,488	249,488
 Total expenditures	 <u>14,510,769</u>	 <u>2,944,972</u>	 <u>17,455,741</u>
 Excess (deficiency) of revenues over expenditures	 <u>589,311</u>	 <u>(376,952)</u>	 <u>212,359</u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	\$ 200	\$ -	\$ 200
Transfers in	45,000	275,804	320,804
Transfers out	<u>(275,804)</u>	<u>(45,000)</u>	<u>(320,804)</u>
Total other financing sources (uses)	<u>(230,604)</u>	<u>230,804</u>	<u>200</u>
Net change in fund balance	358,707	(146,148)	212,559
Fund balance - beginning	<u>2,712,323</u>	<u>942,666</u>	<u>3,654,989</u>
Fund balance - ending	<u>\$ 3,071,030</u>	<u>\$ 796,518</u>	<u>\$ 3,867,548</u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - Total governmental funds	\$ 212,559
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(638,855)
Capital outlay	238,522
Expenses are recorded when incurred in the statement of activities.	
Interest	5,500
Compensated absences	13,000
Arbitrage rebate	(28,000)
Bond and note proceeds and capital leases are reported as financing sources in the government funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayments of long-term debt	1,503,472
Bond issuance costs	(1,083)
Amortization of premiums	2,944
Amortization of gain on debt defeasance	(7,368)
Amortization bond issuance costs	(4,997)
Change in net assets of governmental activities	<u>\$ 1,295,694</u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2008

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 48,919	\$ 245,016
Investments	<u>-</u>	<u>64,061</u>
 Total assets	 <u>48,919</u>	 <u>\$ 309,077</u>
 Liabilities		
Due to student groups	 <u>-</u>	 <u>\$ 309,077</u>
 Net assets		
Reserved for scholarships	 <u>\$ 48,919</u>	

See Accompanying Notes to Financial Statements

Chesaning Union Schools
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2008

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 21,151
Deductions	
Scholarships	<u>15,828</u>
Change in net assets	5,323
Net assets - beginning	<u>43,596</u>
Net assets - ending	<u><u>\$ 48,919</u></u>

See Accompanying Notes to Financial Statements

Chesaning Union Schools

Notes to Financial Statements

June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Chesaning Union Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims

Chesaning Union Schools
Notes to Financial Statements
June 30, 2008

and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service and Athletic Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling and repairs.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the

trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2008, the rates are as follows per \$1,000 of assessed value.

General Fund	
Nonhomestead	18.0000
Debt Service Funds	
Homestead	5.8200
Nonhomestead	5.8200

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 96% of the School District's tax roll lies within Saginaw County. The remaining 4% lies within Shiawassee County.

Chesaning Union Schools

Notes to Financial Statements

June 30, 2008

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and County of Shiawassee and remitted to the School District by May 15.

Investments – Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – Sick days are earned by most employees at the rate of one day per month. A maximum of 170 to 190 unused sick days may be accumulated by an employee. Retiring employees, except for teachers, who meet certain age and years of service requirements, are paid for one-tenth accumulated sick days. Retiring

teachers who meet certain age and service requirements are paid \$15 to \$35 for each accumulated sick day.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Upcoming Accounting and Reporting Change

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

Chesaning Union Schools

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June 30, 2008

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. In general, the new rules will cause district-wide financial statements to include intangible assets as capital assets. This statement is effective for the year ending June 30, 2010.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
General administration	\$ 326,720	\$ 332,223	\$ 5,503
Business	246,670	256,333	9,663
Pupil transportation services	702,170	752,317	50,147
Central	75,750	109,319	33,569
Community services	56,880	64,128	7,248

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 3,524,824	\$ 293,935	\$ 3,818,759
Investments	131,517	64,061	195,578
	<u>\$ 3,656,341</u>	<u>\$ 357,996</u>	<u>\$ 4,014,337</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts,
money markets, certificates of deposit)

\$ 4,014,337

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Notes to Financial Statements
June 30, 2008

Interest rate risk – The District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$100,000 of the District's bank balance of \$4,112,691 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	1,539,040	-	1,539,040	-
Total capital assets not being depreciated	1,589,040	-	1,539,040	50,000
Capital assets being depreciated				
Buildings and additions	21,243,664	1,777,562	-	23,021,226
Equipment and furniture	727,148	-	-	727,148
Buses and other vehicles	1,267,076	-	-	1,267,076
Total capital assets being depreciated	23,237,888	1,777,562	-	25,015,450
Less accumulated depreciation for				
Buildings and additions	9,601,529	474,850	-	10,076,379
Equipment and furniture	444,534	58,748	-	503,282
Buses and other vehicles	826,294	105,257	-	931,551
Total accumulated depreciation	10,872,357	638,855	-	11,511,212
Net capital assets being depreciated	12,365,531	1,138,707	-	13,504,238
Net capital assets	\$ 13,954,571	\$ 1,138,707	\$ 1,539,040	\$ 13,554,238

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 406,437
Support services	205,929
Food services	26,489
Total governmental activities	<u>\$ 638,855</u>

Chesaning Union Schools
Notes to Financial Statements
June 30, 2008

Note 5 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
Food Service	General Fund	\$ 139,906
General Fund	Athletics	366
Debt service	General Fund	11,391
Pool	General Fund	3,442
		<u>\$ 155,105</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Other Governmental Funds	Total
Transfers in			
General Fund	\$ -	\$ 45,000	\$ 45,000
Other governmental funds	275,804	-	275,804
	<u>\$ 275,804</u>	<u>\$ 45,000</u>	<u>\$ 320,804</u>

Transfers of \$268,655 were made from the general fund to cover the costs of athletic programs that were in excess of revenues generated from those activities. In addition, \$45,000 was transferred from the Food Service Fund to the General Fund to cover indirect costs.

Note 6 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting eligibility requirements	<u>\$ 141,062</u>

State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 600,000	\$ 1,000,000	\$ 600,000	\$ 1,000,000

Note 7 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Chesaning Union Schools

Notes to Financial Statements

June 30, 2008

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 6,370,000	\$ -	\$ 1,480,000	\$ 4,890,000	\$ 1,626,332
Unamortized premium	5,178		2,536	2,642	-
Bus notes	99,257	-	23,472	75,785	24,345
Compensated absences	297,000	-	13,000	284,000	-
Deferred amount on refunding	(15,041)	-	(7,368)	(7,673)	-
Deferred issuance costs	(40,512)	-	(5,672)	(34,840)	-
Arbitrage payable	-	28,000	-	28,000	46,673
Other bonds	<u>173,282</u>	<u>-</u>	<u>-</u>	<u>173,282</u>	<u>-</u>
Total	<u>\$ 6,889,164</u>	<u>\$ 28,000</u>	<u>\$ 1,505,968</u>	<u>\$ 5,411,196</u>	<u>\$ 1,697,350</u>

General obligation bonds payable at year end, consists of the following:

\$3,565,000 serial bond due in annual installments of \$530,000 to \$600,000 through May 1, 2010, interest at 3.5%	\$ 1,165,000
\$8,410,000 serial bond due in annual installments of \$910,000 to \$1,000,000 through May 1, 2010, interest at 4.0%	1,970,000
\$1,795,000 serial bond due in annual installments of \$40,000 to \$1,530,000 through May 1, 2011, interest at 4.25%	<u>1,755,000</u>
Total general obligation bonded debt	<u>\$ 4,890,000</u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2009	\$ 1,610,000	\$ 192,963	\$ 1,802,963
2010	1,750,000	131,200	1,881,200
2011	<u>1,530,000</u>	<u>124,825</u>	<u>1,654,825</u>
Total	<u>\$ 4,890,000</u>	<u>\$ 448,988</u>	<u>\$ 5,338,988</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$398,658 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

\$293,468 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	<u>\$ 173,282</u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2009	\$ 16,332	\$ 4,276	\$ 20,608
2010	100,579	37,884	138,463
2011	17,924	2,684	20,608
2012	18,777	1,831	20,608
2013	<u>19,670</u>	<u>937</u>	<u>20,607</u>
Total	<u>\$ 173,282</u>	<u>\$ 47,612</u>	<u>\$ 220,894</u>

Chesaning Union Schools
Notes to Financial Statements
June 30, 2008

Compensated Absences

Accrued compensated absences at year end, consists of \$284,000 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District has a self-insured vision plan. No accrual has been recorded as of the end of the past three fiscal years, due to the insignificance of the estimated liability for vision claims.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$24,940 in unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 9 - Defined Benefit Pension Plan

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

Funding Policy

The School is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2004 through June 30, 2007.

	2008	2007	2006
Funding percentage range	16.72-17.74%	16.34-17.74%	14.87-16.34%
Total payroll	\$ 8,739,668	\$ 9,715,273	\$ 9,467,946
Total covered payroll	8,562,829	9,598,658	6,352,735
School contributions	1,452,268	1,534,945	1,346,022
Employee MIP contributions	257,807	281,615	266,298
Portion of school contribution covering health, dental and vision benefits	39%	37%	40%

Chesaning Union Schools
Notes to Financial Statements
June 30, 2008

Trend Information

Ten-year historical trend information is presented in the September 30, 2007, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2006, the latest date for which information is available, approximates \$ 49.1 billion and \$ 43.0 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2007.

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2007, statewide expenditures of \$ 654 million were recognized for post-retirement health care, dental and vision. This represented approximately 18% of the total expenditures of the Michigan Public School Employees Retirement System.

Note 10 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2008.

Note 11 - Subsequent Event

Subsequent to June 30, 2008, the School District has paid the balance of the \$1,000,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2007 and has subsequently borrowed an additional \$500,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District August of 2008.

REQUIRED SUPPLEMENTAL INFORMATION

Chesaning Union Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 1,100,400	\$ 1,248,170	\$ 1,339,535	\$ 91,365
State sources	12,785,265	12,943,270	12,953,294	10,024
Federal sources	767,300	736,645	669,295	(67,350)
Interdistrict sources	105,000	92,410	137,956	45,546
Total revenues	14,757,965	15,020,495	15,100,080	79,585
Expenditures				
Instruction				
Basic programs	7,109,855	7,426,230	7,375,614	(50,616)
Added needs	2,608,273	2,140,910	2,105,830	(35,080)
Supporting services				
Pupil	599,536	703,085	619,706	(83,379)
Instructional staff	249,150	304,505	234,118	(70,387)
General administration	324,508	326,720	332,223	5,503
School administration	959,833	960,255	952,836	(7,419)
Business	206,796	246,670	256,333	9,663
Operations and maintenance	1,618,748	1,538,825	1,505,609	(33,216)
Pupil transportation services	769,456	702,170	752,317	50,147
Central	73,400	75,750	109,319	33,569
Other	76,700	57,000	41,499	(15,501)
Community services	81,100	56,880	64,128	7,248
Capital outlay	102,125	140,065	137,761	(2,304)
Debt service				
Principal	22,630	23,500	23,476	(24)
Total expenditures	14,802,110	14,702,565	14,510,769	(191,796)
Excess (deficiency) of revenues over expenditures	(44,145)	317,930	589,311	271,381

Chesaning Union Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ -	\$ 150	\$ 200	\$ 50
Transfers in	43,000	45,000	45,000	-
Transfers out	<u>(289,331)</u>	<u>(277,960)</u>	<u>(275,804)</u>	<u>2,156</u>
Total other financing sources (uses)	<u>(246,331)</u>	<u>(232,810)</u>	<u>(230,604)</u>	<u>2,206</u>
Net change in fund balance	(290,476)	85,120	358,707	273,587
Fund balance - beginning	<u>2,712,323</u>	<u>2,712,323</u>	<u>2,712,323</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,421,847</u>	<u>\$ 2,797,443</u>	<u>\$ 3,071,030</u>	<u>\$ 273,587</u>

OTHER SUPPLEMENTAL INFORMATION

Chesaning Union Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Capital Project Fund Pool</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Athletic</u>			
Assets					
Cash	\$ 442,351	\$ -	\$ 410,109	\$ 95,128	\$ 947,588
Accounts receivable	4,657	-	-	-	4,657
Due from other funds	-	366	-	-	366
Prepaid items	164	-	-	-	164
Total assets	<u>\$ 447,172</u>	<u>\$ 366</u>	<u>\$ 410,109</u>	<u>\$ 95,128</u>	<u>\$ 952,775</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 142	\$ 22	\$ 60	\$ -	\$ 224
Due to other funds	139,906	-	11,391	3,442	154,739
Accrued expenditures	819	309	-	-	1,128
Accrued salaries payable	131	35	-	-	166
Total liabilities	<u>140,998</u>	<u>366</u>	<u>11,451</u>	<u>3,442</u>	<u>156,257</u>
Fund balance					
Reserved for prepaid items	164	-	-	-	164
Reserved for debt service	-	-	398,658	-	398,658
Designated for capital improvements	138,000	-	-	-	138,000
Other undesignated	168,010	-	-	91,686	259,696
Total fund balance	<u>306,174</u>	<u>-</u>	<u>398,658</u>	<u>91,686</u>	<u>796,518</u>
Total liabilities and fund balance	<u>\$ 447,172</u>	<u>\$ 366</u>	<u>\$ 410,109</u>	<u>\$ 95,128</u>	<u>\$ 952,775</u>

Chesaning Union Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Capital Project Fund Pool</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Athletic</u>			
Revenues					
Local sources	\$ 322,737	\$ 77,110	\$ 1,756,314	\$ 28,423	\$ 2,184,584
State sources	54,755	-	-	-	54,755
Federal sources	328,681	-	-	-	328,681
	<u>706,173</u>	<u>77,110</u>	<u>1,756,314</u>	<u>28,423</u>	<u>2,568,020</u>
Expenditures					
Current					
Education					
Food services	617,920	-	-	-	617,920
Athletic activities	-	341,849	-	-	341,849
Capital outlay	6,129	11,065	-	238,521	255,715
Debt service					
Principal	-	-	1,480,000	-	1,480,000
Interest and other expenditures	-	-	249,488	-	249,488
	<u>624,049</u>	<u>352,914</u>	<u>1,729,488</u>	<u>238,521</u>	<u>2,944,972</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>82,124</u>	<u>(275,804)</u>	<u>26,826</u>	<u>(210,098)</u>	<u>(376,952)</u>

Chesaning Union Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Capital Project Fund Pool</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Athletic</u>			
Other financing sources (uses)					
Transfers in	\$ -	\$ 275,804	\$ -	\$ -	\$ 275,804
Transfers out	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>(45,000)</u>	<u>275,804</u>	<u>-</u>	<u>-</u>	<u>230,804</u>
Net change in fund balance	37,124	-	26,826	(210,098)	(146,148)
Fund balance - beginning	<u>269,050</u>	<u>-</u>	<u>371,832</u>	<u>301,784</u>	<u>942,666</u>
Fund balance - ending	<u>\$ 306,174</u>	<u>\$ -</u>	<u>\$ 398,658</u>	<u>\$ 91,686</u>	<u>\$ 796,518</u>

Chesaning Union Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2008

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 2,577,236	\$ 1,536,601
Accounts receivable	28,669	16,124
Due from other funds	154,739	360,896
Due from other governmental units	2,825,458	2,776,015
Interest receivable	-	5,851
Investments	131,517	120,000
Prepaid items	<u>1,106</u>	<u>198,750</u>
Total assets	<u>\$ 5,718,725</u>	<u>\$ 5,014,237</u>
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 29,802	\$ 63,982
State aid anticipation note payable	1,000,000	600,000
Accrued expenditures	298,932	165,147
Accrued salaries payable	1,177,533	1,130,543
Deferred revenue	<u>141,062</u>	<u>115,478</u>
Total liabilities	<u>2,647,695</u>	<u>2,301,914</u>
Fund balance		
Reserved for prepaid items	1,106	198,750
Designated for capital improvements	161,600	-
Other undesignated	<u>2,908,324</u>	<u>2,513,573</u>
Total fund balance	<u>3,071,030</u>	<u>2,712,323</u>
Total liabilities and fund balance	<u>\$ 5,718,725</u>	<u>\$ 5,014,237</u>

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 850,000	\$ 983,500	\$ 961,330	\$ (22,170)
Tuition	17,000	12,000	14,556	2,556
Transportation fees	18,000	21,000	28,426	7,426
Earnings on investments	85,000	70,000	85,745	15,745
Other local revenues	130,400	161,670	249,478	87,808
Total revenues from local sources	1,100,400	1,248,170	1,339,535	91,365
Revenues from state sources				
Grants - unrestricted	12,356,045	12,534,265	12,574,909	40,644
Grants - restricted	429,220	409,005	378,385	(30,620)
Total revenues from state sources	12,785,265	12,943,270	12,953,294	10,024
Revenues from federal sources				
Grants	767,300	736,645	669,295	(67,350)
Interdistrict sources				
ISD collected millage	20,000	22,410	22,410	-
Other	85,000	70,000	115,546	45,546
Total interdistrict sources	105,000	92,410	137,956	45,546
Other financing sources				
Proceeds from sale of capital assets	-	150	200	50
Transfers in	43,000	45,000	45,000	-
Total other financing sources	43,000	45,150	45,200	50
Total revenue and other financing sources	\$ 14,800,965	\$ 15,065,645	\$ 15,145,280	\$ 79,635

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 1,769,110	\$ 1,956,445	\$ 1,930,368	\$ (26,077)
Employee benefits	916,865	963,935	949,551	(14,384)
Purchased services	3,300	2,505	33,561	31,056
Supplies and materials	39,830	46,530	47,539	1,009
Total elementary	2,729,105	2,969,415	2,961,019	(8,396)
Basic program - middle school				
Salaries	1,284,800	1,249,835	1,250,999	1,164
Employee benefits	635,000	639,675	590,497	(49,178)
Purchased services	1,500	1,100	30,342	29,242
Supplies and materials	24,400	26,660	21,264	(5,396)
Other	700	725	725	-
Total middle school	1,946,400	1,917,995	1,893,827	(24,168)
Basic program - high school				
Salaries	1,491,050	1,537,925	1,527,549	(10,376)
Employee benefits	743,500	730,485	714,229	(16,256)
Purchased services	98,300	146,030	161,476	15,446
Supplies and materials	31,500	39,770	35,940	(3,830)
Other	2,800	2,900	2,834	(66)
Total high school	2,367,150	2,457,110	2,442,028	(15,082)

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - pre-school				
Salaries	\$ 51,100	\$ 57,230	\$ 52,774	\$ (4,456)
Employee benefits	11,500	13,880	12,895	(985)
Purchased services	-	-	474	474
Supplies and materials	4,600	10,600	12,597	1,997
Total pre-school	67,200	81,710	78,740	(2,970)
Added needs - special education				
Salaries	1,129,088	1,022,420	913,404	(109,016)
Employee benefits	436,975	406,180	409,877	3,697
Purchased services	55,200	56,200	58,224	2,024
Supplies and materials	5,000	5,000	3,339	(1,661)
Total special education	1,626,263	1,489,800	1,384,844	(104,956)
Added needs - compensatory education				
Salaries	511,700	347,875	370,370	22,495
Employee benefits	167,000	125,200	125,898	698
Purchased services	9,550	500	27,500	27,000
Supplies and materials	37,745	9,220	48,873	39,653
Total compensatory education	725,995	482,795	572,641	89,846

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - career and technical education				
Salaries	\$ 159,500	\$ 103,860	\$ 88,193	\$ (15,667)
Employee benefits	83,000	49,930	42,458	(7,472)
Purchased services	5,700	6,710	6,886	176
Supplies and materials	7,815	7,815	10,808	2,993
Total career and technical education	256,015	168,315	148,345	(19,970)
Pupil - guidance services				
Salaries	189,236	207,450	161,630	(45,820)
Employee benefits	62,445	111,745	68,878	(42,867)
Purchased services	1,465	1,850	1,668	(182)
Supplies and materials	1,535	1,550	784	(766)
Total guidance services	254,681	322,595	232,960	(89,635)
Pupil - psychological services				
Purchased services	50,500	63,036	63,619	583
Total psychological services	50,500	63,036	63,619	583
Pupil - speech services				
Salaries	124,480	130,380	126,443	(3,937)
Employee benefits	48,370	49,585	59,626	10,041
Purchased services	1,350	3,350	1,386	(1,964)
Supplies and materials	-	-	791	791
Total speech services	174,200	183,315	188,246	4,931

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - social work services				
Purchased services	\$ 50,500	\$ 60,564	\$ 61,147	\$ 583
Total social work services	50,500	60,564	61,147	583
Pupil - teacher consultant				
Salaries	-	1,000	325	(675)
Employee benefits	-	50	25	(25)
Purchased services	-	-	917	917
Supplies and materials	-	2,000	2,434	434
Total teacher consultant	-	3,050	3,701	651
Pupil - other support services				
Salaries	56,400	54,200	57,076	2,876
Employee benefits	13,255	16,325	12,957	(3,368)
Total other pupil support services	69,655	70,525	70,033	(492)
Instructional staff - improvement of education				
Purchased services	2,500	2,500	1,348	(1,152)
Supplies and materials	10,000	40,000	13,127	(26,873)
Total improvement of education	12,500	42,500	14,475	(28,025)

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services				
Salaries	\$ 24,280	\$ 28,695	\$ 33,019	\$ 4,324
Employee benefits	6,985	10,215	9,305	(910)
Purchased services	1,640	22,340	11,676	(10,664)
Supplies and materials	<u>7,395</u>	<u>7,515</u>	<u>6,369</u>	<u>(1,146)</u>
Total educational media services	<u>40,300</u>	<u>68,765</u>	<u>60,369</u>	<u>(8,396)</u>
Instructional staff - technology assisted instruction				
Supplies and materials	<u>540</u>	<u>540</u>	<u>320</u>	<u>(220)</u>
Total technology assisted instruction	<u>540</u>	<u>540</u>	<u>320</u>	<u>(220)</u>
Instructional staff - supervision and direction of instructional staff				
Salaries	11,475	11,710	10,709	(1,001)
Employee benefits	7,570	7,120	6,434	(686)
Purchased services	3,765	450	178	(272)
Supplies and materials	380	380	182	(198)
Other	<u>175</u>	<u>300</u>	<u>438</u>	<u>138</u>
Total supervision and direction of instructional staff	<u>23,365</u>	<u>19,960</u>	<u>17,941</u>	<u>(2,019)</u>

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - academic student assessment				
Salaries	\$ 115,020	\$ 97,075	\$ 105,395	\$ 8,320
Employee benefits	53,025	31,915	31,483	(432)
Purchased services	4,400	43,750	4,011	(39,739)
Other	-	-	124	124
Total academic student assessment	172,445	172,740	141,013	(31,727)
General administration - board of education				
Salaries	400	500	3,340	2,840
Purchased services	56,600	60,700	68,678	7,978
Supplies and materials	3,000	3,000	8,542	5,542
Other	6,000	6,000	5,970	(30)
Total board of education	66,000	70,200	86,530	16,330
General administration - executive administration				
Salaries	162,302	163,620	163,615	(5)
Employee benefits	71,056	73,050	62,976	(10,074)
Purchased services	18,800	15,600	13,578	(2,022)
Supplies and materials	4,950	2,750	4,052	1,302
Other	1,400	1,500	1,472	(28)
Total executive administration	258,508	256,520	245,693	(10,827)

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
School administration - office of the principal				
Salaries	\$ 664,333	\$ 664,220	\$ 664,816	\$ 596
Employee benefits	265,390	254,000	234,124	(19,876)
Purchased services	21,420	36,280	37,956	1,676
Supplies and materials	7,550	2,150	4,606	2,456
Other	1,140	3,605	11,334	7,729
Total office of the principal	959,833	960,255	952,836	(7,419)
Business - fiscal services				
Salaries	111,800	107,955	107,978	23
Employee benefits	48,126	41,715	33,263	(8,452)
Total fiscal services	159,926	149,670	141,241	(8,429)
Business - other				
Other	46,870	97,000	115,092	18,092
Total other business	46,870	97,000	115,092	18,092
Operations and maintenance - operating building services				
Salaries	454,800	502,245	448,715	(53,530)
Employee benefits	262,525	230,205	231,928	1,723
Purchased services	732,423	709,375	675,415	(33,960)
Supplies and materials	169,000	97,000	121,276	24,276
Total operating building services	1,618,748	1,538,825	1,477,334	(61,491)

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - security services				
Purchased services	\$ -	\$ -	\$ 28,275	\$ 28,275
Total security services	-	-	28,275	28,275
Pupil transportation services				
Salaries	346,435	325,905	355,035	29,130
Employee benefits	135,831	118,905	125,211	6,306
Purchased services	57,190	50,660	44,550	(6,110)
Supplies and materials	230,000	206,700	227,521	20,821
Total transportation services	769,456	702,170	752,317	50,147
Central - support services technology				
Purchased services	73,400	75,750	109,319	33,569
Total support services technology	73,400	75,750	109,319	33,569
Other supporting services				
Employee benefits	76,700	57,000	41,499	(15,501)
Total other supporting services	76,700	57,000	41,499	(15,501)

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - direction				
Employee benefits	\$ 1,100	\$ -	\$ 748	\$ 748
Supplies and materials	-	-	326	326
Total direction	1,100	-	1,074	1,074
Community services - community recreation				
Salaries	35,910	14,830	16,622	1,792
Employee benefits	3,855	2,670	3,517	847
Purchased services	2,500	250	228	(22)
Supplies and materials	685	700	65	(635)
Total community recreation	42,950	18,450	20,432	1,982
Community services - custody and care of children				
Salaries	27,000	26,160	30,355	4,195
Employee benefits	6,350	8,000	7,487	(513)
Purchased services	700	1,270	1,375	105
Supplies and materials	3,000	3,000	3,405	405
Total custody and care of children	37,050	38,430	42,622	4,192

Chesaning Union Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Capital outlay				
Basic program - elementary	\$ 9,300	\$ 15,000	\$ 15,251	\$ 251
Basic program - middle school	11,800	11,000	14,336	3,336
Basic program - high school	9,500	12,850	16,314	3,464
Added needs - special education	100	-	454	454
Added needs - compensatory education	1,600	1,600	-	(1,600)
Instructional staff - improvement of education	40,000	65,000	59,839	(5,161)
Instructional staff - educational media services	115	2,615	826	(1,789)
Instructional staff - supervision and direction of instructional staff	1,125	500	224	(276)
General administration - board of education	-	-	2,624	2,624
General administration - executive administration	1,100	2,000	1,938	(62)
School administration - office of the principal	950	2,500	6,172	3,672
Business - other	4,535	5,000	3,688	(1,312)
Operations and maintenance - operating building services	22,000	22,000	16,051	(5,949)
Community services - community recreation	-	-	44	44
Total capital outlay	<u>102,125</u>	<u>140,065</u>	<u>137,761</u>	<u>(2,304)</u>
Debt service				
Principal	<u>22,630</u>	<u>23,500</u>	<u>23,476</u>	<u>(24)</u>
Total debt service	<u>22,630</u>	<u>23,500</u>	<u>23,476</u>	<u>(24)</u>
Other financing uses				
Transfers out	<u>289,331</u>	<u>277,960</u>	<u>275,804</u>	<u>(2,156)</u>
Total expenditures and financing uses	<u>\$ 15,091,441</u>	<u>\$ 14,980,525</u>	<u>\$ 14,786,573</u>	<u>\$ (193,952)</u>

Chesaning Union Schools
Other Supplemental Information
Trust and Agency Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2008

	Due to Student Groups July 1, 2007	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2008
Student activities				
Albee teacher lounge	\$ 1,413	\$ 5,571	\$ 5,325	\$ 1,659
Art club	747	120	4	863
Equestrian club	30	5	-	35
Auto mechanics	590	1,580	1,761	409
Chesaning Association for the Performing Arts	2,766	20,451	18,809	4,408
Communications team	542	88	-	630
Future Farmers of America	406	10,851	10,863	394
National Honor Society	2,812	2,546	2,624	2,734
S.A.D.D.	432	987	1,166	253
Renaissance	10,922	10,618	3,433	18,107
Special education fund	4,290	1,232	1,124	4,398
Student support group	(35)	390	332	23
Yearbook	1,677	48,604	48,550	1,731
Agri science	7,763	3,193	1,641	9,315
Key club	807	9,789	9,649	947
WCHS	1,446	2,517	1,436	2,527
Winter Guard	50	9	-	59
Drivers Ed	36,661	960	37,621	-
International Club	976	140	112	1,004
Boys basketball	1,552	601	2,145	8
Girls basketball camp	1,278	1,692	767	2,203
Cross country	833	6,822	4,942	2,713
Football jerseys	6,861	15,030	14,944	6,947
Athletic development fund	3,769	17,331	19,140	1,960
Cheerleader camp	5,486	21,029	14,858	11,657
Band program	124	3,620	2,073	1,671
Girls softball	788	1,308	1,355	741

Chesaning Union Schools
Other Supplemental Information
Trust and Agency Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2008

	Due to Student Groups July 1, 2007	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2008
Golf	\$ 428	\$ 69	\$ -	\$ 497
Volleyball	342	1,595	1,206	731
Junior State	248	3,321	2,350	1,219
Class of 2005	5	1	-	6
Class of 2007	3,379	-	3,379	-
Class of 2008	9,229	18,418	19,986	7,661
Class of 2009	1,844	6,209	5,475	2,578
Class of 2010	1,687	2,413	883	3,217
Class of 2011	500	3,771	1,657	2,614
MMCSC	2,204	363	-	2,567
Middle school conservation	56,200	8	-	56,208
Middle school media	1,548	7,158	7,521	1,185
Middle school student council	8,641	47,298	51,264	4,675
Middle school rental	19,184	18,557	190	37,551
CO pop account	714	1,315	1,268	761
Big Rock parent group	-	54,089	52,461	1,628
Big Rock student council	34,660	18,257	46,806	6,111
Brady student council	1,391	6,647	6,684	1,354
High school student council	10,878	18,568	22,064	7,382
Latchkey	476	998	1,045	429
Special Education	2,576	971	-	3,547
Total student activities	251,120	397,110	428,913	219,317
Revolving funds	43,576	150,518	104,334	89,760
Total activity funds	<u>\$ 294,696</u>	<u>\$ 547,628</u>	<u>\$ 533,247</u>	<u>\$ 309,077</u>

Chesaning Union Schools
Other Supplemental Information
Scholarship Funds
Detailed Statement of Changes in Net Assets
For the Year Ended June 30, 2008

	Additions	Deletions	Change in Net Assets	Net Assets (Deficit) July 1, 2007	Net Assets (Deficit) June 30, 2008
Marge-Bell-Manning	\$ 453	\$ 200	\$ 253	\$ 3,002	\$ 3,255
Joseph Glaska	179	-	179	1,107	1,286
Bauer	1,413	600	813	9,338	10,151
Mary Glaska	627	500	127	4,374	4,501
Greenbaum	276	-	276	1,705	1,981
Horney	226	-	226	1,395	1,621
McCormick	106	600	(494)	1,254	760
Sovis	54	500	(446)	831	385
Misiuk	125	100	25	156	181
Administrator Scholarship	215	300	(85)	19	(66)
Showboat	2,800	3,000	(200)	(410)	(610)
J Suppes Memorial	266	350	(84)	200	116
Lioness	760	750	10	60	70
Education Foundation	249	-	249	1,538	1,787
Rotary	467	-	467	(2)	465
Harold & Mildred	-	800	(800)	1,620	820
CEA	800	1,000	(200)	199	(1)
Chamber of Commerce	1,101	500	601	122	723
Krause	757	250	507	4,922	5,429
Board of Education	1,211	1,850	(639)	639	0
Don Flory Memorial	284	300	(16)	17	1
Wesley Scholarship	3	-	3	17	20
Bill LaPeak	67	400	(333)	815	482
Madelyn Marie Rowe	253	250	3	10	13
Wanda Langenderfer	-	200	(200)	206	6
Board of Education	6,251	1,828	4,423	7,830	12,253
Norwin Braun	340	300	40	2,404	2,444
Nathanel Memmer	2	-	2	7	9
Jessica Zajdlik	535	500	35	216	251
Lawrence Haak	251	250	1	5	6
Ellen Holt Memorial	580	-	580	-	580
Kiwanis/Baker	500	500	-	-	-
Total	\$ 21,151	\$ 15,828	\$ 5,323	\$ 43,596	\$ 48,919

Chesaning Union Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2008

Amount of Issue	Interest Rate	Maturity Date	Annual Maturity	Interest Payments	Interest Payments	Annual Requirement
2005 Pool Bonds						
			Due 5/1	Due 11/1	Due 5/1	
\$ 1,795,000	4.250%	2008-09	\$ 75,000	\$ 37,294	\$ 37,294	\$ 149,588
	4.250%	2009-10	150,000	35,700	35,700	221,400
	4.250%	2010-11	<u>1,530,000</u>	<u>32,513</u>	<u>32,513</u>	<u>1,595,026</u>
			<u>\$ 1,755,000</u>	<u>\$ 105,507</u>	<u>\$ 105,507</u>	<u>\$ 1,966,014</u>
<u>2003 Refunding Bonds</u>						
			Due 5/1	Due 11/1	Due 5/1	
\$ 3,565,000	3.500%	2008-09	\$ 565,000	\$ 19,787	\$ 19,788	\$ 604,575
	3.300%	2009-10	<u>600,000</u>	<u>9,900</u>	<u>9,900</u>	<u>619,800</u>
			<u>\$ 1,165,000</u>	<u>\$ 29,687</u>	<u>\$ 29,688</u>	<u>\$ 1,224,375</u>
<u>1998 School Building and Site Bonds</u>						
			Due 5/1	Due 11/1	Due 5/1	
\$8,410,000	4.000%	2008-09	\$ 970,000	\$ 39,400	\$ 39,400	\$ 1,048,800
	4.000%	2009-10	<u>1,000,000</u>	<u>20,000</u>	<u>20,000</u>	<u>1,040,000</u>
			<u>\$ 1,970,000</u>	<u>\$ 59,400</u>	<u>\$ 59,400</u>	<u>\$ 2,088,800</u>

Chesaning Union Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness (Continued)
6/30/2008

<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Annual Maturity</u>	<u>Interest Payments</u>	<u>Annual Requirement</u>
<u>1998 Durant Building and Site Bonds</u>			Due 5/15	Due 5/15	
\$293,468	4.760%	2008-09	\$ 16,332	\$ 4,276	\$ 20,608
		2009-10	100,579	37,884	138,463
		2010-11	17,924	2,684	20,608
		2011-12	18,777	1,831	20,608
		2012-13	<u>19,670</u>	<u>937</u>	<u>20,607</u>
			<u>\$ 173,282</u>	<u>\$ 47,612</u>	<u>\$ 220,894</u>

Chesaning Union Schools

Chesaning, Michigan

Single Audit Report

June 30, 2008

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Education
Chesaning Union Schools
Chesaning, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chesaning Union Schools as of and for the year ended June 30, 2008, which collectively comprise Chesaning Union Schools' basic financial statements and have issued our report thereon dated October 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Chesaning Union Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chesaning Union Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chesaning Union Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the significant deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting as noted at 2008-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting and its operation that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chesaning Union Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Chesaning Union Schools in a separate letter dated October 8, 2008.

This report is intended solely for the information and use of the Board of Education, others within the entity, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan
October 8, 2008

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Members of the Board of Education
Chesaning Union Schools
Chesaning, Michigan

Compliance

We have audited the compliance of Chesaning Union Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Chesaning Union Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chesaning Union Schools' management. Our responsibility is to express an opinion on Chesaning Union Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chesaning Union Schools' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Chesaning Union Schools' compliance with those requirements.

In our opinion, Chesaning Union Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Chesaning Union Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Chesaning Union Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing

procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chesaning Union Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 8, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Chesaning Union Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, others within the entity, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Saginaw, Michigan
October 8, 2008

Chesaning Union Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grantor Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue at July 1, 2007	(Memo Only) Prior Year Expenditures	Current year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue at June 30, 2008
U.S. Department of Agriculture								
Nutrition Cluster								
Passed through Michigan Department of Education								
071970 Breakfast	10.553	\$ 73,162	\$ -	\$ 66,047	\$ 7,115	\$ 7,115	\$ -	\$ -
081970 Breakfast		67,902	-	-	67,902	67,902	-	-
			-		75,017	75,017	-	-
National School Lunch program	10.555							
071950 Sec 4 - Total Servings		40,382	-	36,159	4,223	4,223	-	-
081950 Sec 4 - Total Servings		33,841	-	-	33,841	33,841	-	-
071960 Sec. 11 - Free and Reduced		173,206	-	154,120	19,086	19,086	-	-
081960 Sec. 11 - Free and Reduced		155,712	-	-	155,712	155,712	-	-
			-		212,862	212,862	-	-
Total Nutrition Cluster			-		287,879	287,879	-	-
Passed through Michigan Department of Education								
Food Distribution	10.550							
Entitlement Commodities		40,802	-	-	40,802	40,802	-	-
Total U.S. Department of Agriculture			-		328,681	328,681	-	-
U.S. Department of Education								
Special Education Cluster								
Passed through Saginaw Intermediate School District								
0704500607 IDEA Flowthrough	84.027	337,887	337,887	337,887	-	337,887	-	-
0804500708 IDEA Flowthrough		324,693	-	-	324,693	-	-	324,693
0704400607 Self Review		4,500	4,500	4,500	-	4,500	-	-
0704600607 Preschool incentive	84.173	16,499	16,499	16,499	-	16,499	-	-
0804600708 Preschool incentive		15,290	-	-	15,290	-	-	15,290
			358,886		339,983	358,886	-	339,983

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Chesaning Union Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grantor Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue at July 1, 2007	(Memo Only) Prior Year Expenditures	Current year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue at June 30, 2008
U. S. Department of Education								
Passed through Michigan Department of Education								
0715300607 Title 1	84.010	\$ 278,457	\$ 50,000	\$ 192,064	\$ 43,812	\$ 93,812	\$ -	\$ -
0815300708 Title 1		261,550	-	-	164,326	99,152	-	65,174
			50,000		208,138	192,964	-	65,174
Passed through Saginaw Intermediate School District								
061340190 Infant and Toddler Formula	84.181	2,150	2,150	-	-	2,150	-	-
Passed through Saginaw Intermediate School District								
0728600607 Safe and Drug Free Schools	84.186	3,314	3,314	-	-	3,314	-	-
0828600708 Safe and Drug Free Schools		3,217	-	-	3,217	-	-	3,217
Passed through Michigan Department of Education								
0802500708 Title V	84.298	784	-	-	784	-	-	784
Passed through Michigan Department of Education								
0742900607 Technology Literacy Challenge	84.318	2,858	2,858	2,858	-	2,858	-	-
0842900708 Technology Literacy Challenge		2,065	-	-	2,065	-	-	2,065
		4,923	2,858		2,065	2,858	-	2,065
Passed through Michigan Department of Education								
0705200607 Title II - Improving Teacher Quality	84.367	118,069	5,772	118,069	-	5,772	-	-
0605200607 Title II - Improving Teacher Quality		52,515	28,549	28,549	-	28,549	-	-
0805200708 Title II - Improving Teacher Quality		118,069	-	-	105,024	65,024	-	40,000
			34,321		105,024	99,345	-	40,000
Total U.S. Department of Education			451,529		659,211	656,203	-	451,223
U.S. Department of Health and Human Services								
Passed through Saginaw Intermediate School District								
Medicaid Outreach	93.778	10,084	-	-	10,084	10,084	-	-
Total U.S. Department of Health and Human Services			-		10,084	10,084	-	-
Total federal programs			\$ 451,529		\$ 997,976	\$ 994,968	\$ -	\$ 451,223

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Chesaning Union Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2008

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2008.
3. The federal amounts reported on the forms Grant Auditor Report and Form R-7120 "Grant Sections Auditor's Report" are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Chesaning Union Schools
Schedule of Findings and Questioned Costs
June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

 yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173

IDEA Flowthrough
Preschool Incentive

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

Schedule of Findings and Questioned Costs
June 30, 2008
(continued)

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

Finding 2008-1 Audit Entries

Criteria:	Reconciliations were not performed for all account balances prior to the close of the fiscal year.
Condition:	Several accounts required audit adjustments in order to be fairly stated.
Effect:	Adjustments were posted as a result of audit procedures in order to fairly state the balances.
Cause:	Reconciliations were not done of all balance sheet and material revenue accounts prior to the year end close.
Recommendation:	All accounts should be reconciled timely each month and proper accruals posted at year end. This will help identify potential problems and give management and the board adequate information to make informed decisions.
Management's response:	The District will reconcile accounts on a monthly basis and post proper accruals at year end.

SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2008.

Chesaning Union Schools
Summary Schedule of Prior Audit Findings
June 30, 2008

SECTION IV – PRIOR AUDIT FINDINGS

GOVERNMENT AUDITING STANDARDS FINDINGS

Finding 2007-1:

Criteria:	Internal control tasks were not performed timely.
Condition:	Reconciled balance for operating cash does not agree to the general ledger control account.
2008 Status:	The district reconciled the bank accounts on a monthly basis.

Finding 2007-2:

Criteria:	Required support for journal entries was not retained.
Condition:	We were unable to obtain support for several of the postings looked at during the course of the audit.
2008 Status:	The district retained support for all journal entries posted during the current year.

FEDERAL AWARD FINDINGS

Finding 2007-3:

Criteria:	Certifications were not completed for employees charged to the Special Education Cluster.
Condition:	Employees that have 100% of their time charged to the program do not have documentation to prove this as required.
2008 Status:	The district obtained certifications on a semi-annual basis.



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October 8, 2008

Management and the Board of Directors
Chesaning Union Schools
850 N. Fourth St.
Chesaning, MI 48616

Dear Board of Directors:

We have completed our audit of the financial statements of Chesaning Union Schools as of and for the year ended June 30, 2008 and have issued our report dated October 8, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit and would also be pleased to meet with you to discuss these matters at your convenience, if you so desire.

These communications are intended solely for the information and use of management, the Board of Directors, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Yeo & Yeo, P.C.
Saginaw, Michigan

Appendix I
Communication to Those Charged with Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated May 12, 2008, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our engagement letter related to planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note 1 of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimates and how they were derived by management are the estimate for the future payout of compensated absences. This is calculated by evaluating the previous payouts and the years of service of the current staff.
- Disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered During the Audit

We did not encounter any difficulties in performing the audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

The following material misstatements were detected as a result of our audit procedures and corrected by management.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Total Change in fund balance prior to audit	\$ 432,232	\$ (169,243)	\$ 262,989
Journal entries posted:			
To reverse 06/07 accrual for sick pay payout	40,390	-	40,390
To record additional payroll and related expenses at year end	(48,207)	-	(48,207)
To record interest on a CD that was rolled over	11,517	-	11,517
To accrue interest on State aid anticipation note	(12,165)	-	(12,165)
To record the receivable for the USF funds from Centurytel	21,501	-	21,501
To reclassify interest revenue out of a balance sheet account	-	15,943	15,943
To adjust receivable account to actual	(40,081)	-	(40,081)
To adjust deferred revenue for funds received but not yet spent	(25,584)	-	(25,584)
Other entries and client requested entries	<u>(20,896)</u>	<u>7,152</u>	<u>(13,744)</u>
Total decrease of fund balance resulting from entries	<u>(73,525)</u>	<u>23,095</u>	<u>(50,430)</u>
Ending Change in fund balance	<u>\$ 358,707</u>	<u>\$ (146,148)</u>	<u>\$ 212,559</u>

In addition, an entry of \$24,000 to the prior year related to compensated absences in the district wide statements was deemed to be immaterial and not posted.

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2008, as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Appendix II Management Comments

In planning and performing our audit of the financial statements of Chesaning Union Schools as of and for the year ended June 30, 2008, we considered Chesaning Union Schools internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report date October 8, 2008, on the financial statements of Chesaning Union Schools. Our comments and recommendations regarding those matters are:

Uninsured Cash Balances

Given the current environment in the financial market, we recommend Chesaning Union School District evaluate its uninsured cash balances. The Federal Deposit Insurance Corporation (FDIC) has increased its insurance limits up to \$250,000 per financial institution, effective October 3, 2008 through December 31, 2009. In addition to FDIC insurance, there are additional options available for deposits above \$250,000 which can reduce the risk related to uninsured cash balances. We suggest contacting your investment advisor, current financial institution or similar individual(s) to discuss options available.

Monitoring of Payroll

During our audit we noted that there were opportunities to strengthen the internal controls related to payroll. We noted that there was at least one instance that someone was paid the wrong rate. The employee noticed they were paid incorrectly and it was determined that the cause was because the correct time sheets were not received by the business office until after the error was noticed. We recommend that payroll transactions, especially at the end of the employee's contracts, be watched more closely, in order to prevent incorrect amounts being paid.

We also noted that the individual in charge of processing payroll prepares the quarterly 941 reports as well as the year end W-2s. At this time, no one is reviewing that information. We recommend that management review the 941s and compare it to the district financial records as well as review the W-2s for any unusual items.

FORM **SF-SAC**
(8-6-2008)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates in 2008, 2009, or 2010**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

PART 1**GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)**

1. Fiscal period ending date for this submission	2. Type of Circular A-133 audit	3. Audit period covered
Month Day Year 06 / 30 / 2008	1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other — <input type="text"/> Months 2 <input type="checkbox"/> Biennial

4. Auditee Identification Numbers**a.** Primary Employer Identification Number (EIN)**3 8** — **6 0 0 3 4 3 3****b.** Are multiple EINs covered in this report? 1 ☐ Yes 2 ☒ No**c.** If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.**d.** Data Universal Numbering System (DUNS) Number**0 9** — **5 4 0** — **8 3 2 4****e.** Are multiple DUNS covered in this report? 1 ☐ Yes 2 ☒ No**f.** If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.**5. AUDITEE INFORMATION****a.** Auditee name
CHESANING UNION SCHOOLS**b.** Auditee address (Number and street)**850 NORTH FORTH STREET**City
CHESANING

State

MI

ZIP + 4 Code

4 8 6 1 6**c.** Auditee contact

Name

SCOTT SAWYER

Title

BUSINESS MANAGER**d.** Auditee contact telephone**(989) 845 — 7020****e.** Auditee contact FAX**(989) 845 — 3722****f.** Auditee contact E-mail**SSAWYER@CHESANING.K12.MI.US****6. PRIMARY AUDITOR INFORMATION**

(To be completed by auditor)

a. Primary auditor name**YEO & YEO, P.C.****b.** Primary auditor address (Number and street)**3023 DAVENPORT**

City

SAGINAW

State

MI

ZIP + 4 Code

4 8 6 0 5**c.** Primary auditor contact

Name

MARI MCKENZIE

Title

PRINCIPAL**d.** Primary auditor contact telephone**(989) 793 — 9830****e.** Primary auditor contact FAX**(989) 793 — 0186****f.** Primary auditor contact E-mail**MARMCK@YEOANDYEO.COM**

g. AUDITEE CERTIFICATION STATEMENT — This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

g. AUDITOR STATEMENT — The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Auditee certification Date

ELECTRONICALLY CERTIFIED**10/23/2008**

Name of certifying official

SCOTT SAWYER

Title of certifying official

DIRECTOR OF FINANCE**7a. Add Secondary auditor information? (Optional)**1 ☐ Yes 2 ☒ No**b.** If "Yes," complete **Part I, Item 8** on the continuation sheet on page 5.

Auditor certification

Date

ELECTRONICALLY CERTIFIED**10/23/2008**

PART II**FINANCIAL STATEMENTS (To be completed by auditor)****1. Type of audit report**

Mark either: 1 ☒ Unqualified opinion **OR**
any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?1 ☐ Yes 2 ☒ No**3. Is a significant deficiency disclosed?**1 ☒ Yes 2 ☐ No – SKIP to Item 5**4. Is any significant deficiency reported as a material weakness?**1 ☐ Yes 2 ☒ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)**1 ☐ Yes 2 ☒ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b))**

\$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ .530)1 ☒ Yes 2 ☐ No**4. Is a significant deficiency disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No –SKIP to Item 6**5. Is any significant deficiency reported for any major program as a material weakness? (§ .510(a)(1))**1 ☐ Yes 2 ☐ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§.315(b))**1 ☐ Yes 2 ☒ No**8. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development10 ☐ Agriculture23 ☐ Appalachian Regional Commission11 ☐ Commerce94 ☐ Corporation for National and Community Service12 ☐ Defense84 ☐ Education81 ☐ Energy66 ☐ Environmental Protection Agency39 ☐ General Services Administration93 ☐ Health and Human Services97 ☐ Homeland Security14 ☐ Housing and Urban Development03 ☐ Institute of Museum and Library Services15 ☐ Interior16 ☐ Justice17 ☐ Labor09 ☐ Legal Services Corporation43 ☐ National Aeronautics and Space Administration89 ☐ National Archives and Records Administration05 ☐ National Endowment for the Arts06 ☐ National Endowment for the Humanities47 ☐ National Science Foundation07 ☐ Office of National Drug Control Policy59 ☐ Small Business Administration96 ☐ Social Security Administration19 ☐ U.S. Department of State20 ☐ Transportation21 ☐ Treasury64 ☐ Veterans Affairs00 ☒ None☐ Other – Specify:

PART III										FEDERAL PROGRAMS – Continued									
9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR																			
CFDA Number		Research and development (c)		Name of Federal program (d)		Amount expended (e)		Direct award (f)		Major program (g)		Major program (h)		Type(s) of compliance requirement(s)4 (a)		Audit finding reference number(s)5 (b)			
Federal Agency Prefix1 (a)	Extension 2 (b)	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2		
1 0	.550	1	2	FOOD DISTRIBUTION		\$	40,802 .00	1	2	1	2	1	2			O	N/A		
1 0	.553	1	2	NATIONAL SCHOOL BREAKFAST		\$	75,017 .00	1	2	1	2	1	2			O	N/A		
1 0	.555	1	2	NATIONAL SCHOOL LUNCH		\$	212,862 .00	1	2	1	2	1	2			O	N/A		
8 4	.010	1	2	TITLE I		\$	208,138 .00	1	2	1	2	1	2			O	N/A		
8 4	.027	1	2	IDEA FLOWTHROUGH		\$	324,693 .00	1	2	1	2	1	2			O	N/A		
8 4	.173	1	2	PRESCHOOL		\$	15,290 .00	1	2	1	2	1	2			O	N/A		
8 4	.186	1	2	DRUG FREE SCHOOLS		\$	3,217 .00	1	2	1	2	1	2			O	N/A		
8 4	.298	1	2	TITLE V		\$	784 .00	1	2	1	2	1	2			O	N/A		
8 4	.318	1	2	TECHNOLOGY LITERACY CHALLENGE		\$	2,065 .00	1	2	1	2	1	2			O	N/A		
8 4	.367	1	2	IMPROVING TEACHER QUALITY		\$	105,024 .00	1	2	1	2	1	2			O	N/A		
TOTAL FEDERAL AWARDS EXPENDED										997,976 .00									

1 See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

2 Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

3 If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

4 Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

5 N/A for NONE

A. Activities allowed or unallowed

B. Allowable costs/cost principles

C. Cash management

D. Davis – Bacon Act

N/A for NONE

I. Procurement and suspension and debarment

J. Program income

K. Real property acquisition and relocation assistance

L. Reporting

M. Subrecipient monitoring

N. Special tests and provisions

O. None

P. Other

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR				10. AUDIT FINDINGS					
CFDA Number	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program (g)		If yes, type of audit report 3 (h)	Type(s) of compliance requirement(s) 4 (a)	Audit finding reference number(s) 5 (b)
Federal Agency Prefix 1 (a)					Extension 2 (b)	Major program			
9 3 .778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAID TRANSPORTATION	\$ 10,084 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No			O	N/A
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	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No				
	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1					

PART I Item 5 Continuation Sheet

c. List the multiple Employer Identification Numbers (EINs) covered in this report.										f. List the multiple DUNS covered in the report.											
1	N / A	21	-	41	-	1	N / A	21	-	1	N / A	21	-	1	N / A	21	-	1	N / A	21	-
2	-	22	-	42	-	2	-	22	-	2	-	22	-	2	-	22	-	2	-	22	-
3	-	23	-	43	-	3	-	23	-	3	-	23	-	3	-	23	-	3	-	23	-
4	-	24	-	44	-	4	-	24	-	4	-	24	-	4	-	24	-	4	-	24	-
5	-	25	-	45	-	5	-	25	-	5	-	25	-	5	-	25	-	5	-	25	-
6	-	26	-	46	-	6	-	26	-	6	-	26	-	6	-	26	-	6	-	26	-
7	-	27	-	47	-	7	-	27	-	7	-	27	-	7	-	27	-	7	-	27	-
8	-	28	-	48	-	8	-	28	-	8	-	28	-	8	-	28	-	8	-	28	-
9	-	29	-	49	-	9	-	29	-	9	-	29	-	9	-	29	-	9	-	29	-
10	-	30	-	50	-	10	-	30	-	10	-	30	-	10	-	30	-	10	-	30	-
11	-	31	-	51	-	11	-	31	-	11	-	31	-	11	-	31	-	11	-	31	-
12	-	32	-	52	-	12	-	32	-	12	-	32	-	12	-	32	-	12	-	32	-
13	-	33	-	53	-	13	-	33	-	13	-	33	-	13	-	33	-	13	-	33	-
14	-	34	-	54	-	14	-	34	-	14	-	34	-	14	-	34	-	14	-	34	-
15	-	35	-	55	-	15	-	35	-	15	-	35	-	15	-	35	-	15	-	35	-
16	-	36	-	56	-	16	-	36	-	16	-	36	-	16	-	36	-	16	-	36	-
17	-	37	-	57	-	17	-	37	-	17	-	37	-	17	-	37	-	17	-	37	-
18	-	38	-	58	-	18	-	38	-	18	-	38	-	18	-	38	-	18	-	38	-
19	-	39	-	59	-	19	-	39	-	19	-	39	-	19	-	39	-	19	-	39	-
20	-	40	-	60	-	20	-	40	-	20	-	40	-	20	-	40	-	20	-	40	-

PART I GENERAL INFORMATION - Continued

8. Part I, Item 8, Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information)

1. a. Secondary Auditor name N / A		2. a. Secondary Auditor name		3. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	
4. a. Secondary Auditor name		5. a. Secondary Auditor name		6. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name		c. Secondary Auditor contact Name		c. Secondary Auditor contact Name	
Title		Title		Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	